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SCIENCE

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Secretary Hardin travels for trade

Grain trade: The outlook for 1970-71

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Wheat being loaded into the hold of a ship in the Port of Rouen on the Seine River, France. (Photo: French Department of Agriculture.) For the outlook on trade in wheat and other grains in France and other countries of Western Europe, see story beginning on page 5.

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Liberalization o

Secretary of Agriculture Clifford M. Hardin emphasized the need for "immediate initiatives" toward liberalized trade as he met with farm and trade leaders in Europe during December. The Secretary headed a 10-man trade policy team that conferred with officials in eastern Europe, five member countries of the European Community, and the United Kingdom.

In Romania and Yugoslavia, conversations centered around research and technical cooperation, although the possibility of expanded trade and joint business ventures with western countries

Secretary Hardin, EC Commissioner Ralf Dahrendorf (right) have private discussion on December 11, 1970, in Brussels, of agricultural trade issues, especially those pertaining to members of the Community and to the United States. Later in the day full delegations from the United States and from the EC met to discuss the same issues in more detail.

was also an important subject.

As the Secretary and his party moved into Western Europe, talks with high officials turned to concern on both sides that protectionism is a threat to the future of the international trading system. In each country, Secretary Hardin

# of World Agricultural Trade Urged

emphasized President Nixon's continuing commitment to liberal trade.

Summarizing the talks in a news conference in London, the Secretary said:

"We have expressed very candidly the concerns that the United States has about some policies of the European Community, particularly certain features of the Common Agricultural Policy. Specifically, we have directed attention to the Community's grain pricing and trading policies, its preferential arrangements, and other discriminatory features such as the tobacco CAP. We have emphasized the fact that these measures have contributed to the growth of protectionist thinking in the United States.

"High grain prices which discourage utilization within the Community result in surpluses that undermine and interfere with our legitimate trade when they are pushed into world trade channels with heavy subsidies. Protected by variable import levies, this system works to reduce U.S. grain exports to EC countries, and it also is disruptive to U.S. trade with third countries. We have urged a lowering of grain prices within the European Community, in the Community's own interest as well as in ours.

"We have also discussed in detail the preferential arrangements that the Community has negotiated with Mediterranean citrus producers—arrangements which discriminate against U.S. citrus growers who are producing and marketing without subsidy. We believe that these arrangements are contrary to provisions of the General Agreement on Tariffs and Trade (GATT).

"Finally, we have expressed our views on the Common Agricultural Policy for tobacco. For example, the buyer's premium, which provides an incentive to buyers within the Community to purchase leaf produced within the Community, is discriminatory and harmful to U.S. and other world producers. We believe it to be incompatible with provisions of the GATT . . .

"We view these questions as immediate, as well as long term. We have stressed the need for new and immediate initiatives by the European Community to signal a liberalization of attitudes toward agricultural production and trade."

Accompanying the Secretary on the trip were Assistant Secretary of Agriculture Clarence D. Palmby, Deputy Assistant Secretary of Commerce Lawrence A. Fox, and two members of the President's Commission on International Trade and Investment Policy—Mr. William Pearce of Minneapolis, Minnesota, and Mr. Max Myers of Brookings, South Dakota.

Below, John William Middendorf, U.S. Ambassador to the Netherlands, welcomes Secretary Hardin as he arrives on December 9, 1970, for a 24-hour stay in The Hague.

Below, plenary sessions in Belgrade. Left, Franjo Nadj, Yugoslav Secretary of Agriculture (extreme left) and other Yugoslav officials. Right, from left to right: Messrs. Ray and Calingaert, U.S. Department of State; William Pearce, member of the President's Commission; Howard Worthington, Deputy Administrator, FAS; Donald Brock, Special Assistant to the Secretary; Frank Ehman, U.S. Agricultural Attaché; Lawrence Fox, Deputy Assistant Secretary of Commerce; Clarence D. Palmby, Assistant Secretary of Agriculture; Ambassador Leonhart; and Secretary of Agriculture Hardin.

New FAS Trade Fair Schedule Announced

U.S. agricultural products and processed foods will globetrot in 1971 to trade fairs and other exhibitions from the Congo to the Caribbean.

Leading off the new year's trade fair schedule is "Green Week" held in Berlin, West Germany, from January 29 to February 7. U.S. participation will be in the form of a restaurant promotion featuring high-quality corn-fed beef.

During 1971 USDA will participate in several other large-scale agricultural fairs, which in the past have proved highly successful in promoting U.S. food products. These include the Kinshasa International Fair to be held in the Democratic Republic of the Congo in July—where USDA will exhibit rice, poultry, and processed foods—and the ANUGA Fair scheduled from September 25 to October 1 at Cologne. ANUGA, held biennially, is one of Germany's largest trade fairs. Emphasis this year will be on a wide variety of processed foods.

Three promotions aimed at large-scale food buyers will be held in the United Kingdom. From February 2 to 5 a Food Services Show directed at British caterers will be held at London's Grosvenor House Hotel. An exhibit of U.S. fresh fruits and vegetables air-shipped from U.S. producing areas is planned for the U.S. Trade Center in London from March 16 to 18. In September solo shows featuring fresh and processed foods will be held at prominent hotels in selected cities in the United Kingdom.

Swedish buyers will be able to see a large variety of frozen and convenience foods at the U.S. Trade Center in Stockholm from May 10-15.

Another trade-only show is planned for Japan. From April 12 to 17, USDA —in cooperation with MIATCO (Mid-American International Agri-Trade Council)—will promote fresh and processed foods at the U.S. Trade Center in Tokyo.

During October American foods will be exhibited in several areas of the Caribbean. A 1968 promotion—the first held in that area—proved highly successful in stimulating consumer interest in U.S. food products.

U.S. livestock and feedstuffs will be featured at a number of events held throughout the year. Three promotions are planned for Italy, which is in the process of expanding its livestock herds. Italian livestock raisers will be invited to the U.S. Trade Center in Milan from January 18 to 23 to view an exhibit of U.S. feed ingredients and participate in a seminar on feedlot management practices.

U.S. livestock and feedgrains will also be promoted at the Verona Livestock Show held from March 14 to 21 and at the Cremona 25th International Fair of Dairy Cattle scheduled for September. Emphasis at Cremona will be on the Holstein-Friesian breed.

In addition, soybean meal, tallow, and dairy breeding cattle will be featured at the agricultural fair at Novi Sad, Yugoslavia, from May 14 to 24. A seminar will explain soybeans and tallow as ingredients in feedstuffs.

For additional information about these events, U.S. firms should contact the International Trade Fairs Division, USDA, Washington, D.C. 20250.

ROUND THE WORLD WITH U.S. FOODS AND FEEDS IN 1971 TRADE FAIRS

Jan. 18-23	U.S. Trade Center	Milan, Italy
Jan. 29-Feb. 7	Green Week	Berlin, West Germany
Feb. 2-5	Food Services Show	London, U.K.
Mar. 16-18	U.S. Trade Center	London, England
Mar. 14-21	International Livestock Show	Verona, Italy
Apr. 12-17	U.S. Trade Center	Tokyo, Japan
May 10-15	U.S. Trade Center	Stockholm, Sweden
May 14-24	International Agricultural Fair	Novi Sad, Yugoslavia
June-July	Kinshasa International Fair	Kinshasa, Congo
September	25th International Fair of Dairy Cattle	Cremona, Italy
September	Solo Food Trade Shows	United Kingdom
Sept. 25-Oct. 1	ANUGA—International Exhibition of Fine Foods and Provisions	Cologne, Germany
October	Solo Food Trade Shows	Caribbean

Almond Export Progress Wins Award

The California Almond Growers Exchange recently celebrated its 60th Anniversary and received a Presidential "E" Star award for continuing achievement in developing exports.

Almond exports have been growing steadily thanks to the strong market development work carried on by the Exchange. In 1969 it waged a million-dollar advertising campaign for cooking and snack-style almonds marketed under the Blue Diamond brand name.

The "E" Star is given to companies which have previously received the "E" award and have continued to show progress in the export field. The Exchange received an "E" in 1966.

"E" awards are made cooperatively by the Departments of Agriculture and Commerce.

OUTLOOK: 1970-71 GRAIN TRADE

U.S. grain exports in 1970-71 should have a good year, as world trade in feedgrains heads for what may be a new record, and trade in wheat may be second only to that of 1965-66.

There is continued concern over losses in U.S. corn sales resulting from this year's reduced supply. But wheat export volume—last estimated at 725 million to 750 million bushels—will be one of the largest on record, and the commercial (or nonfood aid) portion should surpass the previous 1966-67 record of 439 million bushels.

As for total world trade, feedgrain volume may reach an estimated 44 million metric tons. Wheat trade in 1970-71 may be second only to the 2.3 billion bushels of 1965-66. In that year, food aid shipments to India and Pakistan were far higher than they will be in 1970-71. The Soviet Union alone imported over 300 million bushels of wheat; this year it will probably take less than 50 million.

For the first time in recent history, grain supply and import requirements tend to be quite close together for both wheat and feedgrains. This has obscured some traditionally sharp distinctions in trade, utilization, and price levels between the different grains.

Behind this year's market and price situation is an unusual coincidence of major developments that have either reduced supply or increased import demand. Their overall impact on international supply and demand will be approximately 40 million tons, as measured by the situation a year ago.

- U.S. wheat acreage allotments in 1970 were the lowest in the history of the program—43.5 million acres compared with an actual acreage of almost 59 million only 3 years earlier.
- For the first time, both Canada and Australia had initiated important new programs to counteract record accumulations of surplus wheat. By comparison with the past 2 or 3 years, acreage reductions were especially sharp—about 50 percent in Canada and about 25 percent in Australia. The important effect in both instances was to bring acreages in the two countries back closer to levels of the early 1960's, so in some respect the cuts, although large, were probably overdue.
- Domestic supplies of grain in Europe, including stocks carried from previous years, were the lowest since 1966—about 8 million to 9 million tons below a year ago. Although Italy and France had record corn crops, they were nowhere near enough to offset drops in output of other grains—most of which were due to low yields.
- Demands for western grains by Eastern European countries have increased. Although details are not known yet, it appears that reduced crops of all grains could result in imports 2 million to 3 million tons above last season's. These countries normally import a large portion of their needs from the USSR, but purchases already completed by midseason indicate that a portion of this year's increased needs will also be met by the United States and by other western sources.
- Also of major impact has been the occurrence of corn leaf blight in North America. This alone cut into the available grain supply from which either U.S. or overseas users can draw by perhaps 10 million to 15 million tons. The disease's impact in 1970 has inevitably left a degree of lingering uncertainty about a possible recurrence in 1971.

Excluding trade between member countries of the European Community which alone amounts to 2.5 million to 3 million tons, total world wheat import

Grain being transferred from public elevator to ship in the port of New Orleans for export to Belgium.

requirements this year are currently estimated at 55 million to 56 million metric tons. This represents an increase of 10 percent over last year, but is still below the 1965-66 record of 61.4 million tons, and is about the same as the two other previous high years of 1963-64 and 1966-67.

World wheat needs up

Western Europe will account for roughly 2 million tons of the projected increase of non-EC-grown wheat, while Eastern Europe—mainly Yugoslavia and Romania—may account for another 2 million tons. Most notable among the smaller import changes, which account for the remaining trade increase of 1 million to 2 million tons, are increased purchases by Turkey and Japan.

On the side of supplies and shipments by competing countries, a major factor is an estimated decline of 3-4 million tons in wheat exports by the European Community to third countries. EC export volume in 1969-70 reached a record level of over 7 million tons, approximately 12 percent of world trade. Based on preliminary crop and marketing indications, exports by the USSR and Eastern European countries —which last year totaled almost 7 million tons—will also be somewhat lower this year. Other small exporting countries, such as Spain, are also expected to show a decline of about 500,000 tons in total wheat shipments.

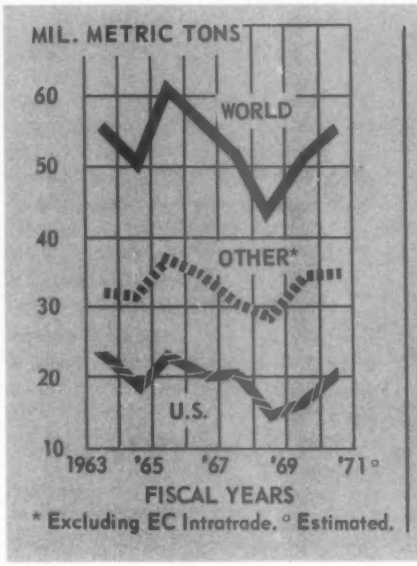
Shipments by Argentina will be unusually low for the second consecutive year because of reduced domestic crops.

Lower supplies and smaller export shipments anticipated among countries mentioned thus far—a decline totaling some 5 million to 7 million tons—means that the size of the combined overseas outlet for wheat from Canada, Australia, and the United States this year is probably 11 million tons larger than during 1969-70. Approximately half of this arises from greater import needs and about half from reduced competition by other export sources.

How this increased market will be divided between these three countries is affected by their respective competitive positions in various markets. All three countries, although acting to reduce production this past year, entered the current season with large stocks from previous crops which were more than adequate to cover any increase in market which might arise. Each of the three countries, however, is having troubles with certain other limitations.

Canada and Australia have been highly successful in improving their positions in certain markets by the use of credit and other special buyer incentives which supplement their basically competitive price. As a result, Canada has made inroads into the markets of Egypt, Algeria, Brazil, and Peru, and is currently working to increase shipments to the Philippines.

Australia, meanwhile, continues to service new Latin American markets which it opened about 2 years ago,



and has increased sales to Egypt and in Western Europe. A somewhat reduced stock of high-protein wheat this years has prevented Australia from gaining an even larger share of the European market and perhaps from increasing its shipments to Japan. Despite these sales expansion successes, both Canada and Australia are believed to be approaching a level of export commitment which is near to their maximum capacity for internal transportation and for export loading and shipping.

It appears now that the two countries will provide roughly one-half of the

World Feedgrain Trade

EXPORTS[1]

Country or grouping	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70[2]	1970-71[3]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
Argentina	3.7	5.1	3.7	6.5	4.2	5.7	6.1	—
Republic of South Africa	2.4	1.0	.6	.8	3.5	2.3	.9	—
Canada	1.3	1.0	1.0	1.1	1.1	.6	2.0	—
Thailand	.9	.9	1.2	1.2	1.3	1.4	1.6	—
European Community[4]	3.2	3.6	3.7	3.6	3.6	4.1	4.7	—
All others	5.7	5.0	5.5	6.6	4.8	4.3	4.5	—
Total U.S. competitors	17.2	16.6	15.7	19.8	18.5	18.4	19.8	26.1
United States	16.1	18.1	25.8	21.4	20.2	16.5	19.5	18.0
Total world exports	33.3	34.7	41.5	41.2	38.7	34.9	39.3	44.1

IMPORTS[1]

United Kingdom	4.2	3.9	4.3	4.0	4.0	4.0	4.2	—
European Community[4]	12.3	13.0	16.2	15.7	15.1	12.3	11.6	—
Spain	2.0	2.4	2.9	3.0	2.6	2.3	2.0	—
Japan	4.5	5.1	5.7	7.1	7.7	8.5	10.0	—
All others	10.3	10.3	12.4	11.4	9.3	7.8	11.5	—
Total world imports	33.3	34.7	41.5	41.2	38.7	34.9	39.3	44.1

[1] Year begins July 1. [2] Preliminary. [3] Estimated. [4] Excludes trade between EC members.

World Wheat Trade

EXPORTS[1]

Country or grouping	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70[2]	1970-71[3]
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
Canada	15.0	11.8	14.9	14.8	8.9	8.7	8.9	—
Australia	7.8	6.4	5.7	7.1	7.0	5.3	7.3	—
Argentina	2.8	4.3	7.8	3.1	1.4	2.7	2.0	—
European Community[4]	3.8	3.8	5.8	4.5	4.9	5.7	7.4	—
All others	3.2	4.6	3.5	5.6	8.1	6.8	8.4	—
Total U.S. competitors	32.6	30.9	37.7	35.1	30.3	29.2	34.0	34.6
United States	23.1	19.3	23.7	20.3	20.7	15.0	16.8	20.4
Total world exports	55.7	50.2	61.4	55.4	51.0	44.2	50.8	55.0

IMPORTS[1]

Western Europe[4]	10.6	9.2	10.2	9.7	8.8	10.1	10.2	—
Japan	3.9	3.5	3.6	4.2	3.9	4.3	4.4	—
Eastern Europe	4.4	4.6	5.5	5.1	4.3	4.1	4.5	—
All others	36.8	32.9	42.1	36.4	34.0	25.7	31.7	—
Total world imports	55.7	50.2	61.4	55.4	51.0	44.2	50.8	55.0

[1] Year begins July 1. [2] Preliminary. [3] Estimated. [4] Excludes trade between EC members.

additional 11 million tons needed, or something in the order of 5 million to 7 million tons, with Canada accounting for the biggest portion.

Even in the United States, the generally strong domestic market situation for all grains and possible need for increased quantities of wheat for domestic feed has tended to limit the possible gain from this year's world market growth. Nonetheless, continuation of a competitive U.S. price posture has permitted the United States to gain a larger share of some markets.

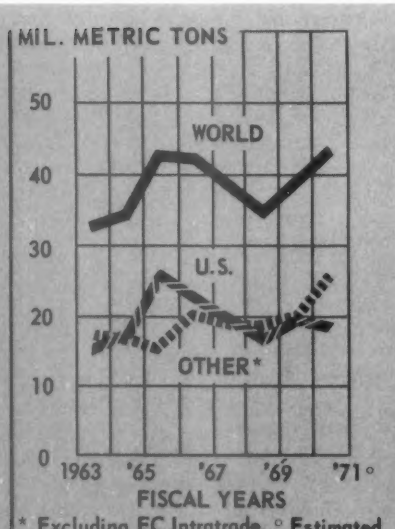
Sales to Japan thus far in 1970-71 are ahead of those of a year ago, and a large increase in shipments to both East and West Europe appears certain. Total U.S. shipments could increase by around 4 million tons from last year's level, reaching a total of 725 million to 750 million bushels, including flour.

One important factor for the U.S. export outcome is the evolution of the supply-demand situation for grains in Eastern Europe and the USSR during the second half of the season. A significant resumption of export sales of wheat into western markets by the USSR would severely limit the possibility of U.S. shipments going beyond 750 million bushels. On the other hand, development of further Eastern European needs for wheat from western sources might send U.S. exports in the other direction but at this stage appears to be almost as likely.

Another important factor is the development of world price relationships between wheat and feedgrains, especially corn, during the second half of the season.

There have been some signs that wheat shipments to Western Europe may increase sharply because of heavy use of wheat for feed in the EC. Because of a reduced EC domestic supply, this would probably mean an unusually small proportion of domestic wheat will be used for flour milling. If these early indications are valid, and if similar conditions continue through most of the year, U.S. exports could benefit.

World trade in feedgrains in 1970-71 is estimated to show a significant increase over the 39.3 million metric tons of 1969-70. The most significant increases on the demand side are in the United Kingdom, Spain, Japan, and the EC where growth of livestock-feeding industries and demand for grain as a major feed component continue strong. The increase in imports is somewhat larger than would otherwise occur, however, in the case of the United Kingdom, Spain, and the European Community because production of feedgrains this past season was low.



Feedgrain trade to rise

Japan, which presently takes about one-third of all U.S. feedgrain exports, is expected to increase its imports by about 600,000 tons, the smallest increase since 1966-67.

Poor crops in Eastern Europe this year raise the possibility that feedgrain imports into that area will also be above a year ago.

This year, as price levels for wheat and feedgrains moved especially close together, an unusually large rate of interchange or substitution between wheat and feedgrain might have been expected, especially in the manufacture of animal feeds. But this appears to have been limited by institutional factors.

Levy systems in some European countries, for example, tend to neutralize any external price fluctuations. In other countries, traditional patterns are

(Continued on page 16)

WATER IS V
CROPS AND F
SOUTHERN AFRICA

By JOHN C. DUNMORE
Foreign Regional Analysis Division
Economic Research Service

After 8 months of dry weather—from February to September 1970—South Africa got rains that lessened the drought in the heart of the "Maize Triangle." The period was reputedly worse than the serious rainless spell of 1965-66, and believed to be even worse than the previous record drought of 1933-34. The recent dry spell damaged most of South Africa's important crops, causing losses in the millions.

In some areas, when the rains finally came, there was too much water, and numerous South African rivers—dry for most of the year—flooded, causing death and destruction.

The same drought also damaged crops in nations nearby. The dry region stretched from South-West Africa (Namibia) to Botswana, east across South Africa to Swaziland, and to some southern parts of Rhodesia. Along with South Africa, all of these others are facing (or will face) growing water needs in the future, and most of them are building dams to control surface water and to store it against future shortages.

Recurrent drought-flood conditions in South Africa sparked the Government program entitled "Water Year: 1970," launched last February. It is designed to focus attention on South Africa's growing water problem.

South Africa's annual consumption of water is expected to increase from 8.04 million acre feet to more than 23.2 million acre feet by the year 2,000. (Agriculture's need for water will reach 10.3 million acre feet by that year.) The maximum water supply that South Africa can harness, using current technology and knowledge, is 22.2 million acre feet. To help reach the total needed in just 30 years, South Africa is building or is planning to build 176 dams—major and minor—on 21 rivers of varying sizes throughout the country.

One of these, the Orange River Project, will cost $600 million and has a completion date of 1990. However, the major part of the project, the Hendrik Verwoerd Dam, with a potential to supply 100 million gallons of water per day to towns and cities within a range of 200 miles, will be completed by July 1971.

South Africa is also considering importing water from countries such as Lesotho and South-West Africa. The Lesotho Government has undertaken a feasibility study (with financial help by the World Bank) of a project aimed at selling water to South Africa. South Africans have also been "milking" the clouds for rain in this ironically enough "water year."

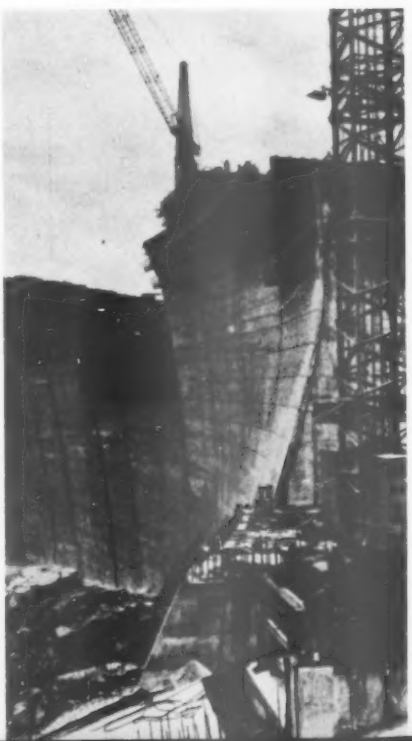
Hardest hit, because of almost complete dependence of its economy on agriculture, was Lesotho. With the drying up of many rivers and streams, the human and animal water supply was left at dangerously low levels. Prime Minister Leabua Jonathan in June declared the entire country drought stricken and began to plan emergency food relief. Short supplies of pulses, cereals, and milk in Lesotho have since been replenished through emergency food programs carried on by the Catholic Relief Services (CRS), with P.L. 480 foods.

Crops in other countries of southern Africa were also affected, but most seriously, especially in Lesotho, was the livestock sector. As the drought worsened, grazing in Botswana, Swaziland, and South-West Africa deteriorated. Many ranchers began to dispose of their cattle rather than risk heavy death losses.

In many areas of South Africa water shortages were at a critical state by mid-June. The water supply in Flagstaff, one of South Africa's larger towns, had been reduced to a 1 month's supply. Patients at the Holy Cross Mission Hospital there had to be moved when water restrictions reduced their supply from 25,000 gallons per day to 8,800.

In 1970, the drought, seemingly an annual occurrence in many parts of South Africa, resulted in a deterioration of agricultural conditions to levels unknown since 1934. By the end of June, 120 areas in and around Natal, Transvaal, Transkei, and Orange Free State were declared drought stricken and the hopes of farmers and ranchers for an exceptional year were abandoned.

Corn and wool, two of South Africa's chief foreign exchange earners were particularly hard hit by the drought.



Left, J. G. Strijdom dam being constructed in South Africa. Some of the water impounded will be used for irrigation. Right, farmer in Lesotho opens cropland irrigation channel.

Young Farmers' Club in Lesotho treks toward garden to water and weed plants. Without special watering fruits and vegetables will not survive during Lesotho's long dry season each year.

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D FARMERS IN

The 1970-71 wool season has been described as the "most disappointing in the post-World War II period." A lack of rain led to high stock losses since the veld was severely overgrazed. But full effects of the drought on the wool industry will likely not be felt for 2 or 3 years because the quality of wool coming from sheep in that period depends, to an important degree, on the nutrition the lambs received in the first 6 months of life.

The present estimate for the 1970-71 wool clip is 290 million pounds, 11 percent lower than last year's clip of 324 million pounds. In addition, prices for South Africa's wool have declined. This price decline means a large loss in revenue for South Africa.

Ranchers are concerned about overstocking and subsequent overgrazing of pastures, although an increase in the slaughter rate may help. The sheep slaughter in 1969 was 8.2 million head, but the 1970 slaughter is expected to top that by about 700,000 head.

Many of the same conditions exist for the cattle industry. Shipments of cattle to market during the summer months were extra heavy because many ranchers feared a complete loss if cattle were kept through the year. Beef and veal slaughterings are expected to reach a record high of over 1.7 million head for 1970 compared with 1.6 million head in 1969.

Production of corn is the backbone of South Africa's agricultural economy; as an export it ranks third behind gold and wool. The principal corn growing areas are in the Transvaal and Orange Free State. Drought in this area caused a drop in what very early in the season was expected to be a record corn crop. The main growing areas reported adequate spring rains and on that basis the 1970 corn crop was expected to exceed the 9.8 million metric tons harvested in 1967, the previous high. The September estimate was just slightly less than 6.5 million metric tons and the October estimate for production was placed at 6.4 million metric tons, a relatively good harvest considering the dry weather.

Adverse weather conditions caused increased domestic consumption of corn, principally for animal feed, which is expected to total 5.8 million metric tons this year, an increase of 670,000 metric tons above the amount consumed last year.

In mid-September the South African Maize Board announced a curtailment of all exports of corn until further notice, except for those sales already contracted. This and increased domestic consumption reduced South African 1970 crop corn exports from 1.4 million metric tons (as estimated in August) to about 841,000 metric tons for shipment May through December.

In spite of the poor 1969 crop in the Cape area, the Orange Free State and the Transvaal had exceptionally good wheat weather in October and November which allowed the crop to mature before the drought became severe. Production in 1969 totaled 1.25 million metric tons, 27,000 metric tons less than the record crop of 1968.

The outlook for the 1970 crop is less favorable although light rains fell in the Transvaal and Orange Free State in June and resulted in considerable planting. This late planted wheat is not expected to yield as much as normal. Recent estimates place the crop at not more than 1.2 million metric tons.

Drought in the principal sugarcane area around Natal reduced 1970 cane output in some areas by roughly 10 percent and many mills will be forced to close, some as early as December. Sugar production for the 1970-71 season is estimated at 1.5 million metric tons, about 100,000 metric tons lower than in 1969-70 and the lowest production in 5 years.

Citrus production was affected only marginally by the drought even though some local crops were severely affected. In some areas, extreme measures were taken. In late January, the South African Government called in the army to transport badly needed water in an effort to avert a loss of citrus in a part of the East Cape citrus area.

Deciduous fruit production in 1969-70 dropped to 603, 647 short tons from the 1968-69 production of 651,089 short tons. Local sales decreased by 10 percent under the previous year's sales and processing sales declined 22 percent. However, exports of deciduous fruit declined only 4.5 percent, which was regarded as favorable considering the year's weather conditions.

Marketing Committee To Help Middle Atlantic States Sell Products Abroad

Middle Atlantic States should have an easier time marketing their agricultural products abroad with the help of the new Atlantic International Marketing (AIM) Committee, which met December 8 with officials of the U.S. Department of Agriculture to establish action procedures and priorities.

Representing export-interested groups from Maryland, Virginia, South Carolina, and North Carolina, the committee will act as a catalytic agent in a cooperative effort between industry, State agencies, and the Foreign Agricultural Service of USDA to swell foreign sales of Middle Atlantic agricultural products.

Sponsored by the respective State commissions of agriculture, the committee has appointed a working group consisting of four marketing specialists from each member State: Robert B. Rogers (S.C.), John L. Ligon (Va.), Sidney C. Miller (Md.), and Eugene E. Carroll, Jr. (N.C.). This group is responsible for providing guidelines and leadership in obtaining the following immediate of the Marketing committee objectives:

- Prepare export directories, brochures, and information leaflets listing agribusiness firms interested in exporting and agencies specializing in foreign trade. The latter include banks, foreign freight forwarders, transportation companies, and other service and Government agencies.
- Host foreign trade missions and private visitors in connection with national and regional food shows or other occasions, as required.
- Work with agricultural trade "cooperator" groups in publicizing the commodity export programs to obtain additional firm participation and support for these programs.
- Provide experts to do marketing surveys for the States involved as well as for FAS in specific countries or regions for specified commodities or for groups of products.
- Assist FAS in establishing a computerized trade referral system in which State agencies would provide and verify initial lists of U.S. suppliers.
- Disseminate among the four States inquiries and information on current foreign agricultural situations and opportunities for marketing local products abroad.
- Provide a unified voice and increased representation in requesting federal services deemed beneficial to member States.

Lebanon Receives Shipments of U.S. Wheat

Lebanon recently unloaded its first two shipments of U.S. wheat bought under a P.L. 480 agreement signed last June. Each shipment was 15,000 tons, compared with total Lebanese wheat imports of 2.3 million in fiscal 1970.

The agreement enables the Government of Lebanon to purchase wheat, corn, barley, and cotton on 20 years credit at 2 percent interest for the first 2 years and 3 percent for the balance.

Meeting the second shipment (see picture at left) were the U.S. Agricultural Attaché to Lebanon (middle) and two officials of the Lebanese Cereals Office.

Australia Considers Fruit Export Scheme

The Government of Australia is currently considering the initiation of a stabilization scheme for apples and pears moving into the export outlet. The proposal has been circulated to the industry for approval and is expected to become operative in time for the 1971 shipping season.

The scheme involves the establishment of a stabilization fund and support prices for the individual apple and pear varieties. Should the average returns for a given variety fall below the support price, a payment will be made from the fund to the owner of the fruit. If the average returns exceed the support price, the owner is obligated to contribute a specified amount to the varietal fund. If at any time the available funds are insufficient to make the necessary payments, the Commonwealth Treasury will meet the deficiency. However, the Commonwealth has placed a ceiling on the Treasury's total liability under the scheme at A$10 million over the 5 years the plan is to be in effect.

The scheme is a direct reflection of the increasing difficulties confronting Australian shippers on the Continent of Europe, long a key market for Australian fruit. With more storage to accommodate the large European crops, Europe's need to import supplies from the Southern Hemisphere during the late winter and spring before new crops mature has diminished considerably.

Joint Lamb Promotion

Meeting for the first time this month are representatives of the lamb industries of the United States, Australia, and New Zealand, who agreed on November 10 to form a joint committee to promote lamb markets in the U.S.

The Lamb Promotion Coordination Committee will comprise three representatives of the meat boards of Australia and New Zealand and three representatives of the U.S. lamb industry. It will study problems of marketing lamb from the three principal sources—American domestic production and imports from New Zealand and Australia. The committee will also prepare and implement a program of consumer, teacher, student, and trade education for lamb from the three countries.

U.K. Poultry Disease Epidemic Worsens

The epidemic of Newcastle (fowl pest) disease hitting U.K. poultry during recent months has grown steadily worse. So far, outbreaks have been reported on poultry producing units with a total population of approximately 14 million birds. Unofficial estimates of the number of birds that have died or been destroyed are now placed at over 5 million, or close to 4 percent of the United Kingdom's total poultry population.

The Ministry of Agriculture, Fisheries, and Food has imposed quarantine restrictions in two regions in eastern England that reportedly contain more than 25 percent of the country's total poultry population. These areas account for nearly 90 percent of the total outbreaks to date. The relatively few outbreaks in the western counties and in Scotland may be only seasonal occurrences of the disease and not attributable to the epidemic in the east.

The Government is still urging producers to vaccinate all their chickens in hopes of bringing the Newcastle epidemic under control.

It is too early to determine the full impact of the epidemic on poultry meat and egg prices. If the disease intensifies, however, prices could be significantly increased.

Malaysia To Build Slaughter Complex

The Government of Malaysia has finalized plans for the establishment of a 20-acre abattoir complex about 10 miles from Kuala Lumpur. The $2.5-million complex is scheduled for completion by mid-1972.

Designed to handle 250 cattle, 500 goats and sheep, and 2,000 pigs daily, the slaughterhouse will initially take care of the domestic needs of the States of Selangor and Negeri Sembilan. Later the complex will provide meat products for export. The Government has invited international tenders for construction of the complex and for supply, delivery, and installation of the required machinery. It is expected that the project will be partly financed by foreign loans.

In addition to meatpacking, the facility will also process meat byproducts into feed and fertilizer.

Soviet Union Boosts Sugarbeet Yields, Expects Greater Sugar Production

Sugarbeet yields in the Soviet Union are estimated to be higher this year than in 1969, but well below previous bumper years. Total production for factory use should be up nearly 10 percent this year over last, to 78 million metric tons.

This year's acreage remained about the same as last year's (about 8.4 million acres), but per-acre yield is expected to rise from 8.5 metric tons in 1969 to 9.3 tons this year.

Planting of the beets was timed a little better in 1970 and soil moisture during the spring and early summer generally was more favorable. Significant dryness developed later in the season in several places but appears to have had only minor effect on the crop.

The sugarbeet harvest was late in getting started, being handicapped by wet and cold weather. Soviet news sources report that beet harvests in the central region of the Russian Federation, along the Volga River, and in several other regions were slowed by inclement weather. A recent press report said that 67 percent of the sugarbeet area had been dug by mid-October, compared with 72 percent of the total that had been harvested by the same date last year.

The latest data about the Soviet Union's 1969 sugarbeet crop show that 71 million tons of beets for factory processing were produced on 8.4 million acres. Of this total, the USSR Government purchased 65.2 million tons of sugarbeets.

Soviet agricultural plans for 1971-75, announced not long ago, say only that Government purchases of sugarbeets for factory use should rise to 82 million tons annually by 1975. This indicates that planned production increases for sugarbeets are lower than those for any other major crop, and suggests that the Soviet Union will continue to import substantial amounts of raw sugar from Cuba during the next 5 years.

Canadian Textile Board To Study Yarn Imports

The Canadian Ministry of Industry, Trade, and Commerce recently established a Textile and Clothing Board and already has given the group its first assignment. The Board was directed to study allegations that cotton yarn and polyester-cotton blended yarn being imported into Canada are likely to cause or threaten serious injury to Canadian producers of these items.

The Board was formed under the Government's textile policy, announced in mid-May. The policy's purpose is to create conditions under which the Canadian textile and clothing industries can "continue to move progressively toward a viable line of production on an increasingly competitive basis internationally."

In regard to competition from "low-cost imports," the Government has indicated a willingness to provide some protection to the Canadian textile industry provided two conditions are met. A formal determination of serious or threatened injury must be made, and appropriate plans must be submitted by companies concerned to restructure, phase out, or upgrade production, or continue development along efficient lines, according to policy objectives.

By inviting users of cotton yarn or polyester-cotton blended yarn to state their views, the Board is implementing the first step outlined above, which could lead to restrictions being placed on imports of these yarns into Canada.

Dr. C. A. Annis of Ottawa has been named chairman of the new Board. Other Board members are Professor J. St. Laurent of Sillory, Quebec, and Mr. J. D. Campbell of Campbellville, Ontario.

EC-Argentina Talks

On November 23, the European Community Council authorized the EC Commission to undertake negotiations for a nonpreferential trade agreement between the Community and Argentina. These will be first negotiations conducted at the community level with a Latin American country.

Exploratory talks were held in November 1969 and January 1970.

The key issue for Argentina will be to gain more favorable access than at present available for its frozen beef and veal.

Drought in Spain Cripples Livestock Industry, Cuts Sharply into Grain and Olive Production

Spanish agricultural production is being hurt by the most acute drought to strike the country since 1965. The livestock sector is the most affected. Grains and olives are also hard hit, and production of other crops may be reduced as well. As a result, imports of feedgrains and other agricultural commodities will probably be increased in the near future.

The Government is appraising the extent of the damage, which may actually turn out to be less severe than in previous drought years owing to better cultural practices and gradual irrigation or withdrawal of drought land from crop production.

Livestock losses are estimated at $43 million because of death and sacrifice sales. Inadequate precipitation has reduced pasture so much that most species are being home fed. Water is so scarce that in many areas it is hauled long distances by truck to ranches. Areas affected most severely are Castille, Salamanca, Extremadura, and western Andalusia. Most other livestock areas, with the exception of the northern coastal provinces, have also been hurt.

The seriousness of the livestock situation prompted the Spanish Government recently to issue a special credit line of $7.7 million for livestock breeders to buy feedgrains from Government stocks. Although stockmen welcomed this measure, their main concern remains the progressive deterioration in prices. In Badajoz, for example, sheep worth $18.5 per head are being disposed of at a little over $7 per head. Hogs are likewise selling at prices 10 to 20 percent below 1969 levels.

Seeding of grains has been delayed for so long by the drought that in some areas less than 50 percent of the crop is expected to germinate. The National Brotherhood of Farmers and Livestock Breeders assesses grain losses at about $107 million. The 1971 wheat crop is estimated at under 4.1 million metric tons and the barley crop at about 3.1 million tons, compared with about 4.7 million and 3.9 million, respectively, in 1969. Average yield per acre is expected to decline even if late autumn rains occur.

Next to grains, olives are the hardest hit crop. The prolonged drought has already reduced estimates of this year's olive oil production by about 60,000 tons. If the drought continues, olive oil production could be further cut by 30,000 to 50,000 tons, bringing total output down from last year's already reduced level of 370,000 tons.

Other crops that may be affected include pulses, sugarbeets, potatoes, and dry beans.

The drought is having broader effects on Spanish agriculture, however, than damage to livestock and crops alone. Migration of farmers into urban areas because of farm distress is adversely affecting the country's economy. In addition, generally restricted credit facilities and increased indebtedness of farmers will probably help deter further improvements in cultural practices. Tractor and combine registration, for instance, has already declined substantially from 1969 levels.

As a result, Spain's agricultural imports, which reached an alltime high of $854 million in 1969, are expected to show significant increases in both 1970 and 1971.

Brazil Exports New Kinds of Tobacco

Brazil, a traditional exporter of cigar and native air-cured cigarette tobacco, recently entered the world market as an exporter of Virginia flue-cured and burley types for which most foreign buyers have traditionally looked to the United States.

The 1970 Virginia-type flue-cured crop is reported to be nearly double the 1969 crop of about 42 million pounds, and much larger than the 24 million pounds produced in 1968. The Brazilian burley harvest for 1970 is also expected to be larger than the 1969 crop of 22.1 million pounds, by at least 10 percent.

Producers received about 18 U.S. cents per pound for the 1970 Virginia flue-cured crop and about 17 U.S. cents per pound for burley. These prices are well above prices the growers received for native and other domestic types of tobacco in the same year.

Production of burley tobacco became significant in Brazil about 1953 and that of Virginia flue-cured about 1955. Harvests of these types of tobacco increased rapidly, reaching an average of 4 million pounds of Virginia flue-cured and 7.3 million pounds of burley during 1960-64.

Most production was used to supply the domestic industry until 1968, when an estimated 5.7 million pounds of Virginia flue-cured and 2.9 million pounds of burley were exported. These exports represented, respectively, about 25 and 20 percent of Brazil's crop of these types of tobacco and about 6.7 and 3.4 percent of Brazil's total tobacco exports for that year.

Brazil's total tobacco exports have increased fairly steadily over a long history from an average of 9.4 million pounds in 1821-30 to a peak of 131.8 million in 1964 and an average of 100.6 million pounds during 1960-69. The largest recent markets for Brazil's tobacco have been Spain, the Netherlands, West Germany, and France, all of which are also important outlets for U.S. tobacco exports.

Future production of both flue-cured and burley tobacco is expected to increase further as Brazil's producers attempt to capture a larger share of world tobacco trade. The extent of export development will depend on Brazil's ability to improve tobacco quality.

Venezuela Exports Burley

Venezuela is now growing tobacco for export, according to Ministry of Agriculture officials. Recently, the country made a shipment of over 800,000 pounds of burley tobacco to Italy under a barter agreement between the countries for machinery.

Prior to the current crop, all tobacco in Venezuela was grown under contract with manufacturing companies. This crop year, with Government assistance, acreage was planted in addition to that usually contracted. Moreover, plans call for an increase in this uncontracted acreage to about 3,000 acres, mostly for flue-cured and burley, with a potential crop of over 3 million pounds.

Fats, Oils, and Oilseeds

U.S. Edible Oils, October Exports

U.S. soybean oil exports in October—the first month of the new marketing year—reached 112.7 million pounds, more than twice the quantity exported in October 1969. Commercial sales totaled an estimated 69.6 million pounds, representing 62 percent of total exports and an increase of 57 million pounds from commercial exports in October 1969. Yugoslavia, formerly a recipient of soybean oil under Public Law 480 programs, purchased 37.6 million pounds commercially during the month, although exports to Yugoslavia during the entire 1969-70 marketing year had totaled only 1.3 million pounds. Total P.L. 480 shipments in October, at an estimated 42.8 million pounds, showed little change from the 43 million exported in October a year ago. The largest P.L. 480 shipment—26.4 million pounds—went to Pakistan.

Cottonseed oil exports totaled only 12.2 million pounds compared with 48.4 million in October 1969. Virtually all of the cottonseed oil exported represented commercial sales taken by the United Arab Republic, Mexico, Canada, Iran, and Venezuela. No cottonseed oil was exported to the European Community.

U.S. EXPORTS OF EDIBLE OILS

Item and country of destination	October		October-September	
	1969[1]	1970[1]	1968-69[1]	1969-70[1]
Soybean:[2]	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Pakistan	0	26.4	113.8	355.0
India	6.0	4.7	327.9	247.6
Iran	(3)	5.7	47.8	158.7
Tunisia	21.8	0	57.5	95.3
Peru	0	0.3	9.5	59.0
Morocco	0.8	10.0	28.1	52.9
Canada	1.4	4.0	29.0	51.0
Israel	2.8	2.2	34.2	37.7
Chile	(3)	7.8	30.5	37.8
U.A.R.	0	0	0	28.6
Dominican Republic	3.7	0.4	27.7	25.2
Mauritius	0	0	0	19.8
Haiti	1.7	2.9	19.2	19.2
Mexico	1.9	0.4	4.2	18.2
Colombia	1.8	0.5	7.5	16.6
Panama	0.2	0.1	.4	16.6
Jamaica	.9	0.1	11.6	15.2
Yugoslavia	(3)	37.6	(3)	1.3
Others	12.2	9.6	120.7	163.4
Total[4]	55.2	112.7	869.6	1,419.1
Cottonseed:[2]				
Belgium-Luxembourg	0	0	(3)	5.6
France	(3)	0	(3)	(3)
Germany, West	2.7	0	15.3	36.3
Italy	(3)	0	(3)	(3)
Netherlands	.2	0	10.2	33.9
Total EC[4]	2.9	0	25.6	75.8
United Kingdom	(3)	0	.1	70.1
U.A.R.	22.0	4.7	17.2	71.7
Venezuela	7.9	1.1	70.4	44.3
Iran	8.7	1.7	(3)	39.0
Mexico	.7	2.4	(3)	33.8
Canada	2.0	2.1	15.4	27.9
Poland	0	0	0	23.0
Pakistan	0	0	0	17.8
Sweden	2.1	0	7.5	13.5
Morocco	0	0	0	12.2
Dominican Republic	0	0	(3)	7.6
Others	2.1	.2	2.9	14.7
Total[4]	48.4	12.2	139.1	451.4
Total oils	103.6	124.9	1,008.7	1,870.5

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Total computed from unrounded data. Bureau of the Census.

U.S. Oilcakes and Meals, October Exports

U.S. soybean meal exports in October, at 281,000 tons, declined 3 percent, or 9,300 tons, from the October 1969

U.S. EXPORTS OF CAKE AND MEALS

Item and country of destination	October		October-September	
	1969[1]	1970[1]	1968-69[1]	1969-70[1]
Soybean:	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*
Belgium-Luxembourg	14.6	33.4	166.9	219.0
France	49.4	63.9	471.8	622.9
Germany, West	106.3	61.8	636.5	855.9
Italy	15.4	18.9	231.9	309.5
Netherlands	51.9	25.9	515.8	659.0
Total EC[2]	237.7	203.9	2,023.0	2,666.2
Canada	22.1	21.8	262.9	270.9
Yugoslavia	0	6.6	143.3	173.8
Hungary	0	(3)	28.6	170.6
Switzerland	.7	5.5	64.3	111.8
Poland	0	11.2	103.0	109.9
Japan	0	0	19.9	83.9
Ireland	0	4.6	43.2	60.4
Philippines	1.2	5.8	43.8	49.1
United Kingdom	3.9	1.5	38.5	42.9
Bulgaria	0	9.8	32.7	40.3
Czechoslovakia	0	3.5	2.2	36.2
Australia	1.4	2.9	25.4	34.3
Spain	19.4	.3	96.1	34.1
Others	3.9	3.6	117.4	151.0
Total[2]	290.3	281.0	3,044.3	4,035.4
Cottonseed	.3	.2	15.0	18.8
Linseed	23.6	18.3	78.4	83.5
Total cakes and meals[4]	314.2	299.5	3,196.0	4,184.9

[1] Preliminary. [2] Total computed from unrounded data. [3] Less than 50,000 tons. [4] Includes peanut and small quantities of other cakes and meals. Bureau of the Census.

level. Even though exports to East Europe increased by 31,100 tons and exports to Switzerland, Ireland, the Philippines, and Australia showed a net gain of 15,500 tons, they were not sufficient to offset the decline in exports to other countries. Exports to the European Community, totaling 203,900 tons, decreased 33,800 tons from October exports a year ago. Exports to Spain, at 300 tons, also showed a sharp decline of 19,100 tons from last October's level.

Total cake and meal exports, at 299,500 tons compared with 314,200 tons in October 1969, reflected the decline in soybean meal exports as well as a decline in exports of cottonseed and linseed meals.

U.S. Soybeans, October Exports

U.S. exports of soybeans in October totaled 44 million bushels, the second highest October total—8.5 million below the October 1969 record level. Exports during the first 2 months of the marketing year totaled 73.6 million bushels, an increase of 12 percent, or 7.8 million bushels, from exports in September-October 1969. The major portion of the increase was taken by the European Community, Japan, Spain, and the Republic of China.

U.S. EXPORTS OF SOYBEANS

Country of destination	October		September-October	
	1969 [1]	1970 [1]	1969-70 [1]	1969-70 [1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
Belgium-Luxembourg	3.1	1.6	3.4	3.1
France	0	1.2	0	1.7
Germany, West	3.7	5.8	4.7	8.4
Italy	3.1	2.5	3.1	2.5
Netherlands	7.2	7.6	9.0	11.6
Total EC [2]	17.0	18.8	20.2	27.3
Japan	11.1	11.2	17.3	19.4
Canada	11.5	5.3	13.6	10.5
Spain	2.5	2.9	2.9	3.9
China, Taiwan	1.5	2.8	2.6	4.5
Denmark	3.0	0.5	3.0	3.6
Israel	2.3	0	2.3	0.4
United Kingdom	1.7	0.4	1.8	0.8
Others	1.9	2.1	2.1	3.2
Total [2]	52.5	44.0	65.8	73.6
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Oil equivalent	576.5	483.0	723.0	807.8
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Meal equivalent	1,237.6	1,036.9	1,552.0	1,734.0

[1] Preliminary. [2] Totals computed from unrounded data. Bureau of the Census.

Peruvian Fishmeal Output Up

Peru's output of fishmeal in the first 2 months of the 1970-71 fishing season totaled a record 530,000 metric tons, against only 209,000 tons for the same 2 months ending October 31, 1969. The increase is equivalent to about 464,000 tons of soybean meal. Exports for the 2 month period this year amounted to only 151,000 tons—just 25,000 more than in the same months of 1969. Stocks, however, are soaring to a record level for this season of the year. The volume of stocks on October 31 was 540,000 tons, or 410,000 tons above the level on the same date last year. This increase is equivalent to over 590,000 tons of soybean meal (the equivalent of nearly 28 million bu. of soybeans).

Although the outcome for Peruvian fishmeal production in 1970-71 is uncertain, there is a strong probability that production as well as exports will register some gains.

Livestock and Meat Products

U.S. Livestock Trade Down in October

The value of U.S. trade in livestock, meat, and meat products was below year-earlier levels in October. Imports, at $102.8 million, were down 3.6 percent and exports, at $52.3 million, were down 1.3 percent. Most of the decline in the value of exports was due to reduced pork shipments to Japan and Canada and reduced cattle hide shipments to the USSR and Japan compared with the October 1969 level. On the import side, the decline in value was due to reduced imports of boneless beef, mutton, and live cattle.

Pork exports in October totaled 8.4 million pounds—down 57.3 percent from the level of a year ago. Reduced shipments to Canada, at 2.3 million pounds, and to Japan, at 2.8 million, compared with 5.1 million and 12.2 million, respectively, for October 1969, accounted for the decline.

Because of a lower level of shipments to Japan and the

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	October		January-October	
	1969	1970	1969	1970
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	30,025	37,256	206,689	301,786
Tallow and greases:				
Inedible	139,154	229,452	1,591,503	1,839,574
Edible	871	996	11,397	19,219
Meats:				
Beef and veal	2,058	2,316	21,501	23,387
Pork	19,580	8,362	127,531	48,275
Goat, lamb, and mutton	98	72	1,312	911
Sausages	331	447	4,162	3,330
Meat specialties	354	413	3,342	3,384
Other canned	1,109	928	8,352	6,914
Total red meats [1]	23,526	12,539	166,203	86,198
Variety meats	24,177	20,316	191,478	190,368
Sausage casings (animal origin)	1,163	972	9,770	10,002
Animal hair, including mohair	1,295	830	15,750	11,573
Hides and skins:				
Cattle parts	2,012	997	27,578	10,191
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,420	1,198	12,223	12,720
Calf	108	107	1,100	837
Kip	24	24	370	189
Sheep and lamb	404	363	3,226	3,209
Horse	3	25	50	148
Goat and kid	42	74	308	615
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	3,452	1,858	31,195	23,969
Sheep, lambs, and goats	7,565	8,516	103,751	108,703
Hogs	1,287	4,689	14,242	18,646
Horses, asses, mules, and burros	1,493	836	9,730	38,487

[1] May not add due to rounding. Bureau of the Census.

USSR, cattle hide exports, at 1.2 million pieces, were down 15.6 percent in volume and, at $9.5 million, down 22.6 percent in value from the levels of October 1969.

One highlight in U.S. trade in livestock, meat, and meat products so far this year has been the recovery of animal fat exports. For the first 10 months of 1970 animal fat exports were above year-earlier levels in every category. For October alone lard exports, at 37.3 million pounds, were up 24.1 percent; inedible tallow exports, at 229.5 million pounds, were up 64.9 percent; and edible tallow exports, at 996,000 pounds, were up 14.4 percent. The increase in the volume of animal fats exported has contributed to an increase in value exported which in October at $25.2 million was about $10.2 million above the October 1969 level.

Boneless beef entries in October totaled 85.6 million pounds compared with 98.6 million for October 1969, owing mainly to reduced shipments from Australia and Ireland.

Imports of mutton and goat meat in October totaled only 84,000 pounds compared with 6.1 million a year earlier. Of the total, goat meat imports are negligible; largely responsible for the fall in arrivals was the temporary ban on Australian mutton imports which was imposed in mid-August. U.S. mutton imports from Australia totaled 78,000 pounds in October compared with 5.9 million a year earlier.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	October		January-October	
	1969	1970	1969	1970
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh, chilled, or frozen:				
Bone-in beef	1,839	1,922	15,198	19,856
Boneless beef	98,608	85,649	879,467	923,735
Cuts (prepared)	185	3,507	1,389	16,969
Veal	1,828	1,679	19,000	17,694
Canned beef:				
Corned	10,086	9,866	78,464	79,272
Other, including sausage	2,595	3,212	19,150	26,738
Prepared and preserved	7,007	10,495	56,545	66,187
Total beef and veal[1]	122,144	116,327	1,069,208	1,150,453
Pork:				
Fresh, chilled, and frozen	3,231	4,292	36,977	48,124
Canned:				
Hams and shoulders	19,962	22,504	195,374	207,379
Other	2,834	2,157	24,946	27,039
Cured:				
Hams and shoulders	262	127	1,748	1,245
Other	329	340	3,138	3,232
Sausage	375	356	2,906	3,054
Total pork[1]	26,994	29,777	265,090	290,073
Mutton and goat	6,070	84	49,667	39,177
Lamb	3,734	3,101	36,830	36,377
Other sausage	897	969	7,145	8,770
Other meats	1,510	1,601	10,692	14,802
Total red meats[1]	161,349	151,862	1,438,635	1,539,655
Variety meats	744	1,156	3,799	8,012
Edible and inedible tallow and grease	885	800	10,390	6,370
Meat extract	90	69	762	861
Wool (clean basis):				
Dutiable	3,321	2,993	76,168	72,321
Duty-free	4,161	5,434	79,131	62,972
Total wool[1]	7,483	8,368	155,297	135,293
Animal hair	187	110	4,852	1,911
Hides and skins:				
Cattle parts	70	86	331	1,414
Sheep skins pickled and split	300	480	7,077	10,055
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	18	24	246	318
Calf and kip	60	45	587	474
Buffalo	18	7	386	189
Sheep and lamb	548	863	19,747	16,532
Goat and kid	321	20	4,307	2,916
Horse	19	11	165	153
Pig	60	18	586	583
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle[2]	66,483	46,158	615,977	801,922
Sheep	10,415	2,784	13,839	4,754
Hogs	1,621	6,582	9,667	60,174
Horses, asses, mules, and burros	280	328	2,846	2,972

[1] May not add due to rounding. [2] Includes cattle for breeding.
Bureau of the Census.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 30	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.06	+0	1.95
USSR SKS-14	2.06	+2	1.78
Australia FAQ	1.88	+1	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	2.07	−1	1.86
15 percent	2.10	−1	1.92
U.S. No. 2 Hard Winter:			
13.5 percent	1.97	+1	1.75
Argentine	(1)	(1)	1.73
U.S. No. 2 soft Red Winter	1.88	+2	1.56
Feedgrains:			
U.S. No. 3 Yellow Corn	1.80	+2	1.47
Argentine Plate corn	1.95	−2	1.82
U.S. No. 2 sorghum	1.64	−0	1.46
Argentine-Granifero	1.65	−1	1.46
Soybeans:			
U.S. No. 2 Yellow	3.26	−2	2.79

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

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Foreign Agriculture

Prospects for 1970-71 Grain Trade

(Continued from page 7)

preserved because import licenses are based on historical practices, or because imported wheat and feedgrains are handled by separate government agencies or through separate channels. All of these prevent internal market prices from adjusting to changed relationships between wheat and feedgrain values overseas.

On the supply side, the principal change this year will be a larger proportion of feedgrains other than corn —chiefly barley—in world trade. Shipments of barley and oats by Canada and Australia in particular will probably rise by a total of 2·3 million tons. Partly offsetting this, however, is that supplies of low-quality European wheat, often used to a considerable extent for feed, are smaller than in 1969-70.

Argentine wheat acreage down

As usual, final outcome in Southern Hemisphere crops, where harvests occur mainly during March-May, and which can greatly affect the competitive situation during the last quarter of the July-June year, remains uncertain at this time.

Argentina harvested record corn and sorghum crops last spring during the July-June period. Argentina's corn exports in 1970-71 are estimated to be about 5.4 million tons, and sorghum exports about 2.3 million tons. This year, largely because of recent adverse weather, wheat acreage in Argentina dropped about 34 percent. Large portions of this area are expected to be planted to corn and sorghum, and although it is still quite early, all indications point to large corn and sorghum crops, and large exportable surpluses.

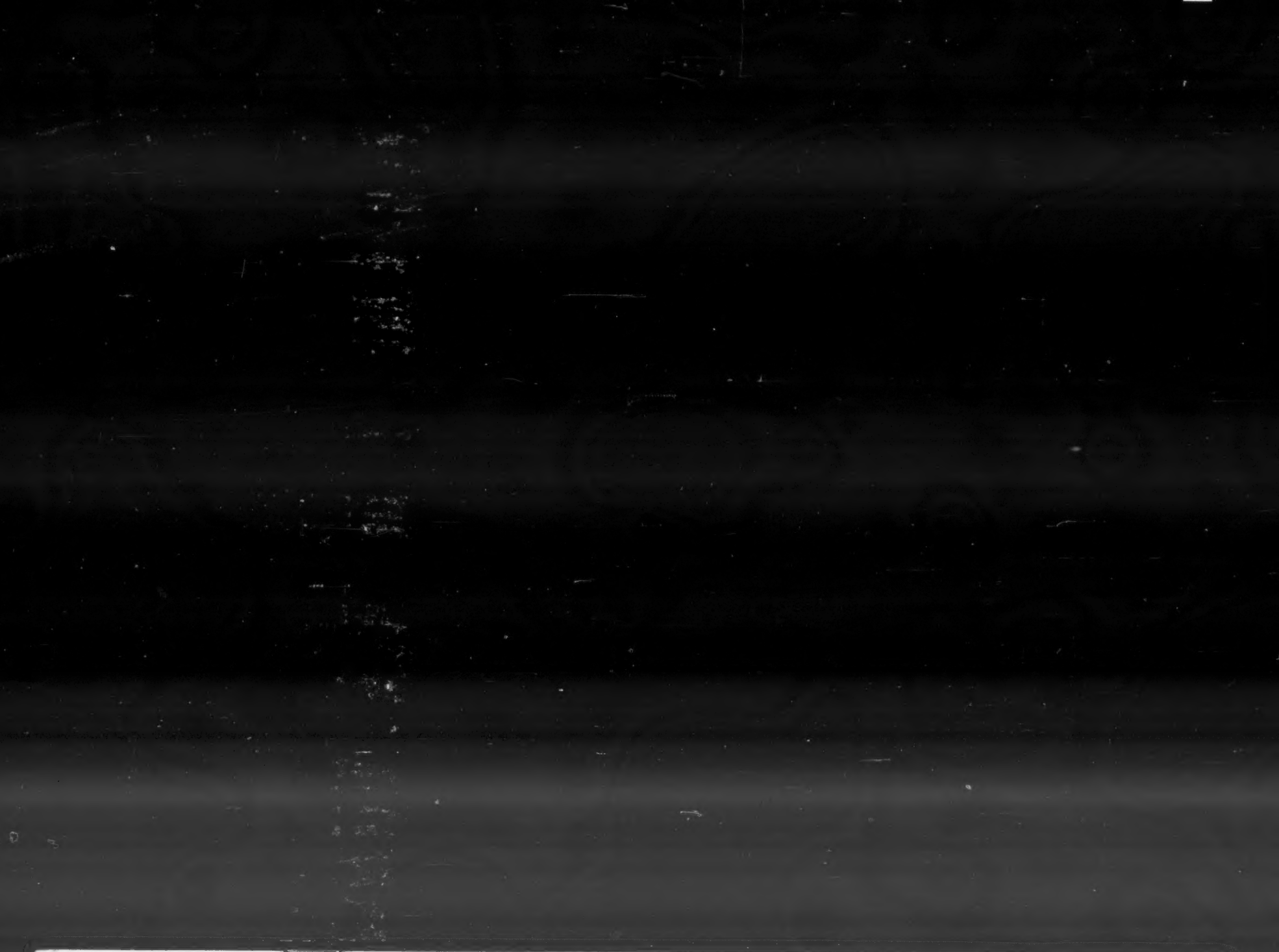
In recent years, Australia has increased its production of feedgrains dramatically. In the previous 5 years (1965-66 through 1969-70), Australian production of barley, oats, and sorghum averaged about 2.9 million tons. In 1970-71 production of these three grains increased to approximately 4.5 million tons. Exports have also mounted steadily and this year are currently expected to rise over 50 percent from last year's 900,000 ton level.

U.S. exports of feedgrains during 1970-71 are estimated at about 18 million metric tons, down from the 1969-70 total of 19.5 million tons. The greatest part of this decrease is expected in corn which may be nearly 100 million bushels below the 630 million bushels of 1969-70. This decrease is mainly attributable to an unfavorable competitive situation for U.S. corn and continued strong efforts by other exporters to increase sales. Sorghum exports should be about the same as last year's 125 million bushels. Barley and oat exports, on the other hand, should increase because of recent sales from Government stocks and because of a favorable relationship between their prices and corn prices. Combined barley and oats exports could be more than double the 1969-70 level.

U.S. market paradox

An important difference exists between the U.S. position in world wheat trade and its position as a supplier of feedgrains.

For instance, fluctuations in the size of world wheat demand appear to affect the export volume of the United States and of other exporters rather evenly.

It is not uncommon for U.S. feedgrain shipments, however, to decline in years when world trade in these grains increases or to rise when world trade declines.

U.S. feedgrain export volumes tend to move inversely with total shipments from other exporters. Normally, in years when growth in world feedgrain trade is larger than the total of increased shipments by competitors, the United States is able to increase its feedgrain exports. By the same token, in years when world demand declines, increased shipments by other countries tend to accentuate the decrease in U.S. volume.